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COMMERCE FOR 4520/ITA/ANESA/TALAAAT

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SUBJECT: BANK OF ALEXANDRIA DEAL TO BE SIGNED OCTOBER 31

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¶1. (SBU) GOE officials told econoff that the contract for sale of 80 percent of the shares of Bank of Alexandria (BOA) to the Italian bank SanPaolo IMI would be signed on October 31. The terms of the contract require Sanpaolo to deposit the \$1.6 billion cost of the purchase into an escrow account held by the Egyptian Ministry of Finance (MOF) within 5 days. Central Bank of Egypt (CBE) Sub Governor Tarek Kandil told econoff that CBE's board of directors would approve the contract at its regular biweekly meeting November 17. Kandil predicted that the final sale, which will take place on the Cairo and Alexandria Stock Exchange, would be complete by the end of November. The timeframe depends, however, on the Bank of Italy, which must also approve the final sale. Kandil said that Sanpaolo was eager to conclude the sale quickly, and had already submitted a request for approval to the Bank of Italy.

¶2. (SBU) MOF officials confirmed Kandil's statements, and told econoff that MOF had agreed with Sanpaolo to expedite the final sale, as both sides wanted swift completion of the transaction. The GOE badly needs the \$1.6 billion in revenue from the sale while Sanpaolo needs to quickly invest liquidity generated by its recent merger with Banca Intesa.

¶3. (SBU) Comment: While the GOE's anticipated timeframe for completion of the BOA deal is somewhat ambitious, it is not unrealistic. The lengthy period the GOE granted the short listed bidders to conduct due diligence on BOA and prepare final bids seems to have paved the way for smooth completion of the sale. End comment.
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